



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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Southeastern Hardin Ambulance District  
Hardin County  
P.O. Box 85  
Mount Victory, Ohio 43340

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Southeastern Hardin Ambulance District, Hardin County, (the District) for the years ended December 31, 2017 and 2016.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2017 and 2016.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

## Current Year Observations

1. We examined the bank to book reconciliation prepared as of December 31, 2017. The bank balance reported for the bank account that was used for debit card transactions was the November 26, 2017 bank balance. As a result, the reported balance was \$260.92 greater than the actual year-end balance and the activity of this account was not reported in the accounting records or the 2017 financial statement.

The failure to include the current bank account balance on the monthly reconciliation and to record all related activity in the accounting records and the financial statement increases the risk that errors and/or irregularities could occur and not be detected in a timely manner. The Board should review the bank to book reconciliations and supporting documentation, and the accounting records to help detect errors and omissions before completion of the annual financial statements.

2. The District is governed by a four-member Board of Trustees appointed by the two villages and two townships that receive ambulance services from the District. This structure is consistent with an entity formed under Ohio Rev. Code Section 505.375(A)(1)(a) which is an ambulance district formed by the boards of one or more townships and the legislative authorities of one or more municipal corporations. The District was unable to provide a copy of the legal document creating the District.

The failure to maintain a copy of this document could impact the District's ability to operate as intended and could result in unnecessary legal costs in the event the organizational structure was challenged.

### Current Year Observations (Continued)

The District should obtain copies of the documents(s) from the political subdivisions that established the District. The document(s) should then be maintained by the District for future reference.

3. A service organization did the ambulance billing for the District. The service organization provided a Charge Detail report and a Credit Detail report to the District each month. The Charge Detail report listed the calls number, patient number, patient name, call date, current payor, codes descriptions and total charges. The Credit Detail report listed the call number, patient number, patient name, call date, current payor, code, description, check number, receipt date and amounts including any adjustment amounts. There was no evidence that the Charge Detail reports were compared to the run detail maintained by the District to ensure that all runs were billed and billed correctly. In addition, the Credit Detail report was not presented to the Board to approve the amounts being adjusted by the service organization.

The failure to compare the run detail to billing reports could result in runs not being billed or being billed incorrectly. In addition, the failure to approve adjustments being could result in adjustments being that would not have been approved by the Board.

The Charge Detail reports should be compared the actual runs and the Board should approve the Credit Detail reports.

4. For 2017, the District did not certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. As a result, Ohio Rev. Code Section 5705.36 was violated, and the county auditor unable to complete the other required budgetary documents for the District. In addition there was no evidence that the District filed the 2017 appropriation measures with the county auditor. The failure to file the required budgetary documents with the county auditor presents the District from knowing if planned spending is within available resources (beginning unencumbered fund balance plus estimated receipts) which may result in deficit spending.

The District should review the Ohio Compliance Supplement and then develop a checklist of the required budgetary documents and filing dates. The approved estimated receipts and appropriations should be integrated in the accounting system to allow for the monitoring estimated versus actual receipts and disbursements.

5. The District did not consider the individuals responsible for the operations of the District to be employees and issued them 1099's at year-end. However, the District did not have a ruling from the Internal Revenue Service (IRS) and the Ohio Public Employees Retirement System (OPERS) as to whether on the positions of fiscal officer and emergency medical technician (EMT) should be classified as employees or independence contractors.

The lack of such a ruling could result in the District being liable for both the employee and employer tax contributions, along with penalties and interest, on all wages paid to these individuals. The amount of these contributions, penalties, and interest could have a material impact on the operations and financial statements of the District.

The District should contact the IRS and the OPERS for a determination as to whether or not the clerk and EMT positions should be classified as that of an employee or independent contractor. Evidence supporting the decision should be maintained by the District. If it is determined that these positions should be classified as that of an independent contractor, the District should prepare a written contract with each individual and issue any required 1099's at year-end.

### Current Year Observations (Continued)

If it is determined that these individuals should be classified as employees, the District should start withholding all applicable payroll taxes and retirement system contributions for each individual. The District should also consult with its legal representation, the IRS, and OPERS to how to handle previously unpaid payroll taxes and retirement system contributions.

6. **Ohio Rev. Code §117.38** states entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. Furthermore **Auditor of State Bulletin 2015-007** requires that that the filing should be a completed annual financial report.

The 2017 and 2016 financial statements were filed on June 4, 2018 and March 4, 2017, respectively. The 2017 financial statements did not include a beginning and ending fund balance. In addition, the 2017 and 2016 financial statements did not agree to the reconciled bank balances. As a result the financial statements filed for 2017 and 2016 were not considered complete. The District filed corrected 2017 and 2016 financial statements on July 30, 2019.

The District should ensure that its annual financial reports are timely and completely filed with the Auditor of State. The failure to file financial statements in a timely manner or completed may result in the District not being eligible for reduced audit procedures in the future, such as a basic or agreed upon procedures.

7. Although credit cards were not used, the District adopted a credit card policy. However, this policy did not include the requirements of **House Bill 312**. Prior to using credit cards, the District should modify the credit card policy to comply with House Bill 312. Auditor of State Bulletin 2018-003 can be utilized when modifying the policy.

8. The District utilized a debit card in 2017 and 2016 for purchases totaling \$2,646. All debit card transactions were run through one bank account which did not have any other activity. In 2017, purchases were determined by looking at the monthly bank statements. For 2016 the only available bank statement was for the month of December. Debit card transactions in the amount of \$473 were determined by reviewing the change in reported bank balance on the monthly bank to book reconciliations for the months of January through November. Receipts or other supporting documentation were not maintained for the debit card transactions. Per review of the bank statements the transactions were made to vendors which appeared reasonable for the District with the exception of a transaction in the amount of \$15 to a fast food restaurant.

The lack of receipts or other supporting documentation for purchases increases the risk of errors and/or irregularities, and may result in findings for recovery against those authorizing the payment or receiving benefit from the purchase.

The District should not approve disbursements for payment unless there is original supporting documentation, In addition, effective February 2, 2019, Ohio Revised Code Section 9.22 restricts the use of debit cards to law enforcement agencies.

**Current Status of Matters Reported in our Prior Engagement**

9. In addition to the matters reported as items 1, 2, 4, 5, and 6, our prior audit for the years ended December 31, 2015 and 2014, reported that expenditures exceed appropriations which violated Ohio Rev. Code § 5705.41(B). While the appropriations were not submitted to the county auditor, disbursements did not exceed the Board approved appropriations for the year ended December 31, 2017.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 24, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**SOUTHEASTERN HARDIN AMBULANCE DISTRICT**

**HARDIN COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 8, 2019**